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UNCLAS STATE 014503

SIPDIS
FOR CHRISTOPHER P. CURRAN

E.O. 12958: N/A
TAGS: [ETTC](#) [IT](#) [KOMC](#)
SUBJECT: BLUE LANTERN POST-SHIPMENT END USE CHECK ON
SATELLITE COMPONENTS

REF: A. IAP20030219000077 19 FEB 03: IRAN AND ITALY
ANNOUNCE DEAL TO BUILD AND LAUNCH NEW
SATELLITE
[1](#)B. EUP20090721177002 10 JUL 09: IRANIAN SATELLITE
REPORTEDLY DISAPPEARS
[1](#)C. IAP20091110950080 10 NOV 09: IRAN TO LAUNCH
MESBAH SATELLITE BY MARCH 2011

[1](#)1. This is an action message. See paragraphs 2-10.

[1](#)2. The Department's Office of Defense Trade Controls Compliance (PM/DTCC) requests post assistance in conducting a post-shipment check on the export of satellite components to Italy. Post is requested to complete this Blue Lantern check within 45 days. Lack of response to a Blue Lantern check will affect pending and future licenses involving parties to this license.

[1](#)3. Reason for request: the Directorate of Defense Trade Controls (DDTC), in accordance with the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR), is charged with controlling the export of defense articles and defense services covered by the United States Munitions List (USML). U.S.-origin commercial satellites, and military-grade satellite components, are ITAR-controlled and require a DDTC license for export. USML commodities exported to one country cannot be transferred to another party or re-exported without express USG authorization. The export of all USML commodities is prohibited to certain countries, such as China, Cuba, Iran, and North Korea.

[1](#)4. Press reporting (for example, Ref A-C) indicates that the Italian company, Carlo Gavazzi Space SpA (CGS), manufactured the Mesbah satellite for Iran on contract. Since 1997 CGS has appeared on over 70 DDTC licenses (as Foreign Intermediate Consignee, Foreign Consignee, and Foreign End User), and has received thousands of U.S.-origin ITAR-controlled satellite components and technical data on account of its involvement in various satellite programs, acting both as primary contractor and subcontractor company.

[1](#)5. Most foreign companies who purchase U.S.-origin satellite components, including CGS, routinely request extra (or spare) components beyond what is needed for the project, in case of component failure or manufacturing mishaps (requests for spare components is usually labeled as attrition). Thus companies can have variable quantities, sometimes sizable stockpiles, of unused ITAR-controlled components on hand. Although companies are required to obtain Department authorization if they wish to re-transfer or re-export unused components to a different end-user or utilize them on a different project, there is no requirement that companies must submit status reports about components never used, re-transferred, or re-exported. Thus these new but unused

spare satellite components basically disappear and can be considered lost.

¶6. More recently, some European satellite manufacturing contractors now advertise the availability of "ITAR-free" versions of their satellites and satellite sub-systems. Without U.S.-origin ITAR content, a foreign company is unrestricted by USG export policy and can therefore offer to sell their satellites to any country, including China, Iran, and Venezuela. However, no reporting has ever been found where CGS has claimed that the Mesbah satellite was "ITAR-free".

¶7. Given CGS access to significant quantities of ITAR-controlled satellite components, the Department seeks to determine if the company utilized any in its manufacture of the Mesbah satellite. The use of ITAR-controlled parts on the Mesbah, or the use of any U.S.-origin export-controlled components without USG authorization, would be an export violation. Thus the Department wishes to conduct a Blue Lantern check to query CGS about its production of the Mesbah satellite.

¶8. ACTION: Please visit Carlo Gavazzi Space. Request that CGS provide post with copies of any relevant documents regarding its construction of the Mesbah satellite. Specifically, these CGS documents should identify all U.S.-origin parts that were used in the manufacture of the Mesbah satellite, whether these items were ITAR-controlled or not ITAR-controlled. CGS information about any U.S.-origin parts utilized in the Mesbah satellite should identify the part name/description, stock number, all supply chain sources, and the U.S. company of manufacture. If CGS denies that the Mesbah has any U.S.-origin content, CGS should be able to substantiate this claim with documentation which shows the country of origin for all components and sub-systems utilized in the Mesbah.

¶9. In addition, CGS should be asked about the stockpile it currently has of ITAR-controlled components obtained via any DDTC licenses. Request that CGS provide a complete accounting of all ITAR-controlled components and technical data, now held by CGS, whether these items are intended for pending projects, spares from previous projects, or components designated for destructive or other testing. CGS should identify the specific DDTC licenses (by license number) through which it obtained the ITAR-controlled parts and technical data it currently has in storage. The list provided by CGS will be checked and verified against DDTC's licensing database. Also ask CGS if it has ever re-transferred or re-exported any U.S.-origin ITAR-controlled components without DDTC authorization; and ask CGS if it understands the restrictions on U.S.-origin ITAR-controlled commodities, particularly the prohibition against re-transfers or re-exports without express USG authorization.

¶10. Finally, ask CGS if it is currently involved in any other satellite projects intended for Iran, China, or Venezuela.

END ACTION.

¶11. CONTACT INFORMATION:

Carlo Gavazzi Space SpA
Via Gallarate 150
20151 Milan
ITALY
Tel: 39.02.380481

Via Nomentana 60
00161 Rome
ITALY
Tel: 39.06.44259901

¶12. Please slug reply for PM/DTCC - BLUE LANTERN COORDINATOR and include the words "Blue Lantern" in the subject line. POC on this case is Peter Sabatini, PM/DTCC, phone:

202-663-2819; email: sabatinipj@state.gov,
sabtini@state.sgov.gov, psabatini@state.ic.gov. The most
current Blue Lantern Guide Book is available at
<http://fsi.state.gov/fsi/spas/default.asp?ID=1588>.
Department thanks Post for its assistance in this matter.
CLINTON